



The 18th International Scientific Conference
**“DEFENSE RESOURCES MANAGEMENT
IN THE 21st CENTURY”**
Braşov, November 9th-10th 2023



**ALLOCATING NATIONAL SECURITY RESOURCES (THE 2%
FROM THE GDP)**

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Abstract:

This essay is to provide a survey on the allocation of resources to the national security, within a complicated and an unstable environment (national and international actors, incomplete data and limited resources). The paper focus, first, on the definition of the term national security and a clarification of its fields that can closely affect the allocation of resources and the implemented process to meet with fixed objectives and goals. The paper introduces, also, the way to properly allocate resources and how it is related to the budgeting system with an eye kept on policymakers struggling regarding the priorities of each field. The presentation takes as case study, the 2 percent of the GDP decision made by North Atlantic Treaty Organization allies, in Wales Summit in 2014, to be allocated to the military development.

Key words: defence; expenditures; allocation; security; GDP

Introduction

The world of 21st century is becoming extremely dangerous and strategic surprises are following one another. Since 2014, clashes and even wars, cyber-attacks and nuclear proliferation (North Korea, India Pakistan and Iran) have been multiplied and increased, threatening, thus, the established world order.

Since 2015, the military expenditure has represented around \$1.7 trillion, to be 2.3% of the GDP. Asia is investing \$100 billion more than Europe in its defense, particularly China, which has increased its effort by 132% in last ten years. [1]

Europe, a disarmed continent, is also deeply involved in this geostrategic shifts. It is facing Russian threats, it is vulnerable to the migrant crisis which has demonstrated a shortage to control borders. Worse, Even its integration was hit by Brexit.

In order to strengthen their unity and to defend their security interests within such geopolitical changes, the European members in the NATO, together with the US, pledged, in 2014, to aim to spend 2 percent of their economic output on defense within a decade.

1. National security

The term national security is used, first, in the United States to describe the concept and way of protecting and defending the nation as well as the specific programs and actions undertaken to achieve this important goal.

National security is a status in which the regime, sovereignty, unity, territorial integrity, welfare of its people, sustainable economic and social development, and other major interests of the state are



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relatively not faced with any danger and not threatened internally or externally, and the capability to maintain a sustained security status.

National security encompasses the national defence, foreign intelligence and counterintelligence, international and internal security, and foreign relations. Because national security entails both national defence and the protection of a series of geopolitical, economic, and other interests, it affects not only defence policy, but foreign and other policies as well [2].

National security covers over ten major fields, including political security, homeland security, military security, economic security, cultural security, public security, science and technology security, cyber security, ecological security, resource security, nuclear security, overseas interests security, biosecurity, outer space security, deep sea security and polar security.

But, for most of the 20th century, national security was focused on military security. In US, since the attacks of September 11, 2001, the defence of the homeland from terrorist and other attacks, broadly understood as homeland security, has risen as a major national security concern. It affects defence policy, foreign and other policies as well.

2. Resources allocation

Without resources, national security policy is largely meaningless. Policy is shaped and implemented through the budget process. Policy debates frequently occur in the framework of a process that decides on the funding that supports the policy.

Funds for national security policy commitments are planned, allocated and implemented through the budget process and institutions. The government when decides to pursue a certain course of action with respect to national security. Resources to support that action are estimated, submitted in a budget request, and provided by the Parliament.

Resources allocation allows to plan and prepare for project implementation or achieving goals. In addition, it helps [schedule resources](#) in advance and provides an insight into the project progress.

- Reduce project resources costs;
- Maximize the productivity of resources on projects;
- Enhance employee engagement and satisfaction;
- Facilitate client satisfaction with successful project delivery;
- Achieve the best outcome within existing resource constraints.

Challenges to the resources allocation

The allocation of resources is often easier said than done and identifying the right resource can be a hard task without having the right tools and suitable techniques.

2.1. Change in project scope:

Despite taking necessary control measures, the project scope can still change anytime during the project lifecycle. In addition, changes in Project requirements in an [agile world](#) can lead to fluctuating resource demands. So, without an up-to-date resource schedule, frequent allocations to meet the changing needs become incredibly challenging.

2.2. Use of outdated legacy tools:



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[Sometimes spreadsheets](#) and homegrown tools are inadequate for allocation of resources. It can fail to provide real-time updates in resource schedules, causing inconsistencies and redundancies. It can lead to double booking chaos that dampens the project’s success.

2.3. Lack of resources visibility within a matrix organization:

The visibility of allocations of resources across matrix boundaries is highly affected if we don’t have a centralized resource planner. Hence, resources managers find it extremely challenging to allocate the best-suited and cost-effective workforce.

2.4. Mismatch in the skillset between capacity and demand:

The inability to forecast future [project requirements](#) prohibits identifying skill shortages in advance. This incorrect estimation of capacity vs demand delays the project resources allocation process. Foreign and defence policies should be seen as mutually reinforcing, not as zero-sum trade-offs in budgetary fights. While hard choices will indeed have to be made in national security spending, they should be decided by realities, not by fatuous (unintelligent) comparisons or incoherent and tendentious concepts.

In Budgeting process there will always be hard choices, but political leaders and policymakers should avoid pretending that funding for a climate change program is anywhere nearly as important as funding for a new-generation fighter aircraft or for maintaining a fleet of aircraft carriers. However, the root causes of those conflicts are not environmental; they are mostly political and military.

3.NATO as a case study (the 2 percent of the GDP)

In 2014, members of the NATO pledged to increase their defence spending to 2 percent from their GDP by 2024.

In 1990, the then 14 European members of NATO spent around \$314 billion on defence collectively. In 2015, the alliance’s then 26 European members spent around \$227 billion. So while European membership in NATO has nearly doubled since 1990, defence spending by Europeans has gone down by 28 percent since then.

Germany’s defence spending has fallen by 4.3 percent since 2008 alone. In the same period, the United Kingdom has reduced its defence spending by 9.1 percent and Italy by 21 percent. [3]

As a percentage of GDP, defence spending by European allies fell from an average of 2 percent in 1995–1999 to 1.5 percent in 2014, while that of the US went up from 3.1 percent to 3.4 percent in the same period.[4]

The 2 percent metric is considered as a way to measure the increase in military capability and has become an important gauge of politic commitment to NATO’s core task: Europe’s security.

The 2 percent is about addressing Europe’s growing security vacuum and defining who will be in charge of European security. This security vacuum have been created by the reduction of the U.S. security footprint in Europe and Europeans’ dramatic loss of military capability since the 1990s. NATO’s 2 percent metric is one instrument to address that.

The Wales summit declaration itself makes 2 percent dependent on positive economic development, stipulating that allies “aim to increase defence expenditure in real terms as GDP grows.”



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In 2022, just seven of NATO’s 30 member states met its 2 percent GDP defence spending target in 2022. Even though, the total NATO military spending was “estimated to exceed” \$1 trillion.[5]

Military capabilities in NATO would have a significant increase in defence spending if it came from the top six spenders (excluding the US). In 2015 they were the UK, France, Germany, Italy, Spain, and Canada.

The German chancellor declared that **Germany** will increase defense spending "permanently" to 2 percent of GDP, with a deadline of 2024. Obviously, if Germany spent 2 percent of its huge GDP, it would produce a defense budget overshadowing those of France and the UK.

Since 2013, the budget of the French armed forces has increased from 31.4 billion euros in 2015 to 32.7 billion in 2017 while the defense effort decreased from 5.79% of GDP in 1960 to reach 2.01% in 2000 and 1.77% in 2017.[6] Nevertheless, it spent about 1.8 per cent of GDP on defense from 2014 to 2019, and 2 percent in 2020.[7]

The United Kingdom has begun to rebuild its military potential with a budget of 42.08 billion pounds corresponding to 2.2% of its GDP. “The U.K. will up its defense spending to 2.5 percent of GDP by the end of the current decade” Boris Johnson announced at the NATO summit in June 2022.

	2014	2015	2016	2017	2018	2019	2020	2021	2022*
Greece	2.22	2.31	2.40	2.38	2.54	2.45	2.91	3.70	3.54
U.S.	3.72	3.52	3.52	3.31	3.29	3.51	3.64	3.48	3.46
Lithuania**	0.88	1.14	1.48	1.71	1.97	2.00	2.07	1.97	2.47
Poland**	1.87	2.22	2.00	1.89	2.01	1.98	2.23	2.22	2.42
U.K.	2.14	2.03	2.08	2.07	2.10	2.08	2.35	2.30	2.16
Estonia	1.93	2.03	2.07	2.01	2.01	2.05	2.30	2.02	2.12
Latvia**	0.94	1.03	1.44	1.59	2.06	2.02	2.15	2.07	2.07
Croatia	1.82	1.76	1.60	1.64	1.55	1.61	1.71	1.98	1.91
France	1.82	1.78	1.79	1.78	1.81	1.81	2.00	1.91	1.89
Slovakia	0.98	1.11	1.12	1.10	1.22	1.70	1.92	1.77	1.76
Romania**	1.35	1.45	1.43	1.73	1.79	1.84	2.01	1.86	1.75
Netherlands	1.15	1.13	1.16	1.15	1.22	1.32	1.41	1.38	1.64
North Macedonia	1.09	1.05	0.97	0.89	0.94	1.16	1.27	1.47	1.61
Norway	1.55	1.59	1.74	1.72	1.73	1.86	2.00	1.75	1.57
Albania	1.35	1.16	1.10	1.11	1.16	1.28	1.30	1.22	1.57
Bulgaria	1.31	1.25	1.24	1.22	1.45	3.13	1.59	1.52	1.54
Italy	1.14	1.07	1.18	1.20	1.23	1.17	1.59	1.57	1.51
Germany	1.19	1.19	1.20	1.23	1.25	1.35	1.51	1.46	1.49
Hungary	0.86	0.90	1.00	1.19	1.01	1.34	1.76	1.68	1.44
Denmark	1.15	1.11	1.15	1.14	1.28	1.30	1.38	1.32	1.38
Portugal	1.31	1.33	1.27	1.24	1.34	1.37	1.43	1.54	1.38
Turkey	1.45	1.38	1.45	1.51	1.82	1.86	1.86	1.61	1.37
Montenegro	1.50	1.40	1.42	1.34	1.37	1.33	1.73	1.55	1.35
Czech Rep.	0.94	1.02	0.95	1.03	1.10	1.18	1.30	1.39	1.34
Canada	1.01	1.20	1.16	1.44	1.30	1.30	1.42	1.28	1.29
Slovenia	0.97	0.93	1.00	0.98	1.01	1.05	1.06	1.24	1.26
Belgium	0.97	0.91	0.89	0.88	0.89	0.89	1.01	1.05	1.18
Spain	0.92	0.93	0.81	0.91	0.93	0.91	1.01	1.04	1.09
Luxembourg	0.37	0.42	0.38	0.50	0.50	0.55	0.58	0.47	0.62

Fig 1: Defense expenditure by country as a share of Gross Domestic Product.[4]



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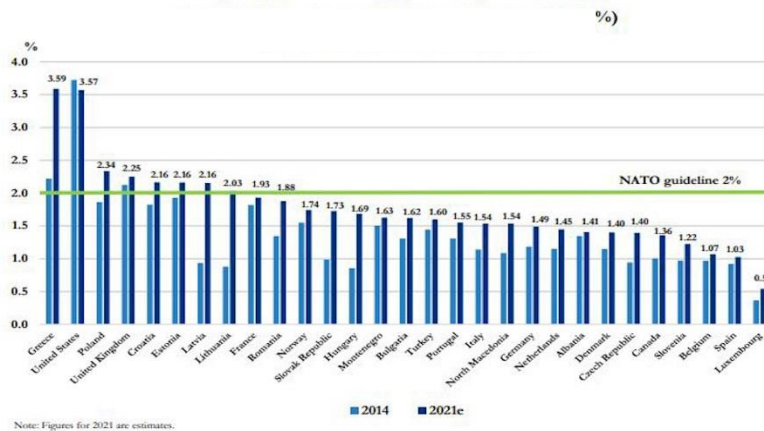


Fig 2: Defense expenditure as a share of GDP.[4]

Section 4. The U.S-European security divide

With Europeans unwilling and incapable of significantly increasing their contributions to defence, the 2 percent issue is essentially about the future of the presence of the US in Europe.

The US has tried to push its European allies to carry a larger part of the defence burden. While for Europeans, the Readiness Action Plan is primarily about granting military reassurance to Eastern NATO members, and the 2 percent goal is the financial tool to make that possible. The US just increased its own funding of defence efforts in Europe after the Ukraine crisis and as part of the Readiness Action, because Europe is too strategically important for the US to abandon it and leave its defence to the Europeans alone.[8]

The enormous emphasis on 2 percent is perhaps enough stressed to irritate Europeans and make the US appear primarily interested in leaving Europe instead of staying. 2 percent metric can only be the starting point of a debate about Europe’s future security architecture.

3. Conclusion

The 2 percent metric is a key element in this strategic division between Europe and the US. It makes visible the gap between those who feel threatened from those who don’t and between those who feel a responsibility for others. This is the real usefulness of 2 percent. It makes visible the frontlines in the strategic debate about the future of security in Europe.

The NATO allies would keep the 2 percent metric when debating over military expenditure, as a yardstick to produce an updated picture of goals achievement. and would focus less on spending and more on the widening vacuum over security in Europe.

Europe will be forced to step up its defence capabilities in the future if it wants to face threats in its neighbourhood. This requires more and smarter defence spending, more defence cooperation, more shared threat assessments, and more leadership.

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